

VOLUNTARY CONDITIONAL CASH OFFER

by



DBS BANK LTD.

(Company Registration No.: 196800306E)
(Incorporated in the Republic of Singapore)

for and on behalf of

BERKLEY INTERNATIONAL LIMITED

(Company Registration No.: 1880534)
(Incorporated in the British Virgin Islands)

to acquire all the issued and paid-up ordinary shares in the capital of

LIZHONG WHEEL GROUP LTD.

(Company Registration No.: 200407196C)
(Incorporated in the Republic of Singapore)

OFFER ANNOUNCEMENT

1. INTRODUCTION

DBS Bank Ltd. ("**DBS Bank**") wishes to announce, for and on behalf of Berkley International Limited (the "**Offeror**"), that the Offeror intends to make a voluntary conditional cash offer (the "**Offer**") for all the issued and paid-up ordinary shares (the "**Shares**") in the capital of Lizhong Wheel Group Ltd. (the "**Company**"), other than those Shares held, directly or indirectly, by the Offeror as at the date of the Offer (the "**Offer Shares**").

2. THE OFFER

- 2.1 In accordance with Rule 15 of The Singapore Code on Take-overs and Mergers (the "**Code**"), and subject to the terms and conditions set out in the formal offer document to be issued by DBS Bank, for and on behalf of the Offeror, (the "**Offer Document**"), the Offeror will make the Offer for the Offer Shares on the following basis:

For each Offer Share: S\$0.50 in cash (the "Offer Price").
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- 2.2 The Offer Shares are to be acquired (a) fully paid, (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever, and (c) together with all rights, benefits and entitlements attached thereto as at the date of this Announcement (the "**Offer Announcement Date**") and hereafter attaching thereto (including the right to receive and retain all dividends, other distributions and return of capital (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date). If any dividend, other distribution or return of capital is announced, declared, paid or made by the Company on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by an amount equivalent to such dividend, distribution or return of capital paid or made by the Company to such shareholders of the Company ("**Shareholders**") who accept or have accepted the Offer.

2.3 Conditional Offer

The Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror before or during the Offer, will result in the Offeror holding not less than 90% of the Offer Shares (excluding any Shares held in treasury) as at the close of the Offer ("**Acceptance Condition**").

The Offeror reserves the right to reduce the Acceptance Condition to a lower minimum acceptance level, provided that such revision be made after obtaining the consent of the Securities Industry Council of Singapore ("**SIC**"). In the event that the Acceptance Condition is revised, the revised Offer shall remain open for another 14 days following such revision and Shareholders who have accepted the Offer will be permitted to withdraw their acceptances within eight (8) days of notification of such revision.

- 2.4 Further information on the Offer and the terms and conditions upon which the Offer will be made, shall be set out in the Offer Document to be issued.

3. INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES

- 3.1 The Offeror is an investment holding company incorporated in the British Virgin Islands. As at the Offer Announcement Date, the Offeror has an issued and paid-up capital of US\$50,000, consisting of 50,000 ordinary shares, all of which are held by Tianjin Dong An Brothers Ltd. ("**TDAB**"), a company established in the People's Republic of China (the "**PRC**"). The sole director of the Offeror is Mr. Zang Yongxing.

- 3.2 TDAB in turn is wholly owned by the following 10 individuals¹ (collectively, the "**TDAB Shareholders**") in the following shareholding proportion:

TDAB Shareholders	Shareholding Percentage (%)
Zang Ligu	15.3%
Zang Lizhong	3.3%
Zang Ligen	3.2%
Zang Yongxing	15.2%
Zang Na	15.0%
Zang Yongjian	15.0%
Zang Yakun	15.0%
Zang Yongyi	6.0%
Zang Yonghe	6.0%
Zang Jieixin	6.0%
Total	100%

- 3.3 The board of directors of TDAB comprises Mr. Zang Ligu, Mr. Zang Lizhong, Mr. Zang Ligen, Mr. Zang Yongxing, Mr. Zang Yongjian and Mr. Zang Yongyi. Mr. Zang Ligen is also the Executive Chairman of the Company, while Mr. Zang Ligu and Mr. Zang Lizhong are also the Executive Directors of the Company.

¹ Mr. Zang Ligen, Mr. Zang Lizhong and Mr. Zang Ligu are brothers. Mr. Zang Yongxing is the son and Ms. Zang Na is the daughter of Mr. Zang Ligen. Mr. Zang Yongjian is the son and Ms. Zang Yakun is the daughter of Mr. Zang Lizhong. Mr. Zang Yongyi and Mr. Zang Yonghe are the sons and Ms. Zang Jieixin is the daughter of Mr. Zang Ligu.

- 3.4 The TDAB Shareholders (excluding Mr. Zang Yonghe and Mrs. Zang Jieaixin) (the "**LZIL Shareholders**") are also shareholders of Li Zhong Investment Ltd ("**LZIL**"), the major Shareholder of the Company which holds 150,956,250 Shares as at the Offer Announcement Date, representing approximately 64.23% of the total number of the issued Shares². The directors of LZIL are Mr. Zang Ligen and Mr. Zang Yongxing. The shareholding proportion of the LZIL Shareholders in LZIL is as follows:

LZIL Shareholders	Shareholding Percentage (%)
Zang Liguao	23.3%
Zang Lizhong	11.3%
Zang Ligen	11.3%
Zang Yongxing	11.1%
Zang Na	11.0%
Zang Yongjian	11.0%
Zang Yakun	11.0%
Zang Yongyi	10.0%
Total	100%

4. INFORMATION ON THE COMPANY

- 4.1 Based on publicly available information, the Company was incorporated under the laws of Singapore on 10 June 2004 and was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 19 October 2005. The Company specialises in the design, manufacture and sale of aluminum alloy wheels and is one of the largest producers of aluminum alloy wheels in the PRC.
- 4.2 As at the Offer Announcement Date, based on publicly available information:
- (a) the issued and paid-up share capital of the Company comprises 235,025,550 Shares; and
 - (b) the Company does not hold any treasury shares.

5. THE UNDERTAKINGS

5.1 Irrevocable Undertaking from Li Zhong Investment Ltd

LZIL has executed an irrevocable undertaking (the "**LZIL Irrevocable Undertaking**") in favour of the Offeror, pursuant to which LZIL has undertaken and agreed, *inter alia*, to (a) accept, or procure the acceptance of, the Offer in respect of all the Shares held by it, and (b) subscribe for shares in the Offeror (the "**Offeror Shares**") and for this purpose, pay for the subscription amount in respect of such Offeror Shares (the "**Set-Off Amount**") by setting off in full the Set-Off Amount against the proceeds that would otherwise be payable by the Offeror as consideration pursuant to acceptances of the Offer by LZIL (such arrangements between LZIL and the Offeror, the "**Arrangements**").

The SIC has confirmed that the Arrangements do not constitute special deals for the purpose of Rule 10 of the Code.

² In this Announcement, unless otherwise stated, all references to the total number of issued Shares shall be to 235,025,550 Shares.

5.2 Irrevocable Undertaking from Mr. Zang Ligen

Mr. Zang Ligen, who holds 3,277,405 Shares as at the Offer Announcement Date (representing approximately 1.39% of the total number of the issued Shares), has executed an irrevocable undertaking (the "**ZLG Irrevocable Undertaking**") in favour of the Offeror to, *inter alia*, accept, or procure the acceptance of, the Offer in respect of (a) all the Shares held by him as at the date of the ZLG Irrevocable Undertaking, and (b) any other Shares which he may acquire, or which may be issued or allotted to him, on or after the date of the ZLG Irrevocable Undertaking, in return for the Offer Price.

5.3 Irrevocable Undertaking from Ms. Zang Xiu Fen

Ms. Zang Xiu Fen is the sister of Mr. Zang Ligu, Mr. Zang Lizhong and Mr. Zang Ligen, and she holds 2,683,250 Shares as at the Offer Announcement Date, representing approximately 1.14% of the total number of the issued Shares. She has also executed an irrevocable undertaking (the "**ZXF Irrevocable Undertaking**") in favour of the Offeror to, *inter alia*, accept, or procure the acceptance of, the Offer in respect of (a) all the Shares held by her as at the date of the ZXF Irrevocable Undertaking, and (b) any other Shares which she may acquire, or which may be issued or allotted to her, on or after the date of the ZXF Irrevocable Undertaking, in return for the Offer Price.

5.4 Each of the LZIL Irrevocable Undertaking, the ZLG Irrevocable Undertaking and the ZXF Irrevocable Undertaking (collectively, the "**Undertakings**") will terminate or lapse in the event that, *inter alia*, the Offer is withdrawn or lapses, or fails to become or be declared to be unconditional in all respects for whatever reason, other than a breach by LZIL, Mr. Zang Ligen or Ms. Zang Xiu Fen (as the case may be) of any of its, his or her obligations under the LZIL Irrevocable Undertaking, the ZLG Irrevocable Undertaking or the ZXF Irrevocable Undertaking (as the case may be).

5.5 Save for the Undertakings, as at the date of this Announcement, neither the Offeror nor any party acting in concert with the Offeror has received any irrevocable undertakings from any other party to accept or reject the Offer.

6. RATIONALE FOR THE OFFER

6.1 Low Trading Liquidity of Shares

The trading volume of the Shares has been low, with an average daily trading volume³ of approximately 23,460 Shares, 30,621 Shares, 25,061 Shares and 15,602 Shares during the one (1)-month period, three (3)-month period, six (6)-month period and 12-month period up to and including 14 August 2015, being the last full Market Day⁴ immediately prior to the Offer Announcement Date (the "**Last Trading Day**"). Each of these represents less than 0.014% of the total number of issued Shares for any of the aforementioned relevant periods.

The Offer therefore provides Shareholders who find it difficult to exit the Company as a result of the low trading volume in Shares with an opportunity to liquidate and realise their investment in the Shares at a premium to the prevailing market prices which would otherwise not be available given the low trading liquidity.

³ Calculated by using the total volume of Shares traded divided by the number of Market Days⁴ with respect to the one (1)-month period, three (3)-month period, six (6)-month period and twelve (12)-month period up to and including 14 August 2015.

⁴ A day on which the SGX-ST is open for the trading of securities.

6.2 Offer Price at a Significant Premium to the Last Transacted Share Price

The Offer Price represents a premium of approximately 96.08% over the last transacted price per Share of S\$0.255 on the 6 August 2015, being the last Market Day on which the Shares were transacted prior to the Offer Announcement Date.

When compared to the benchmark prices of the Shares up to and including the Last Trading Day, the Offer Price also represents a premium of approximately 90.84%, 74.83%, 87.27% and 92.31% over the volume weighted average price ("**VWAP**") per Share for the one (1)-month, three (3)-month, six (6)-month and 12-month periods, respectively.

The Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in Shares at a significant premium over the prevailing trading prices of the Shares without incurring brokerage and other trading costs.

6.3 Greater Management Flexibility

The Offeror is making the Offer with a view to delisting the Company from the SGX-ST and exercising any rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**"). The Offeror believes that privatising the Company will give the Offeror and the management of the Company more flexibility to manage the business of the Company, optimise the use of its management and capital resources and facilitate the implementation of any operational change.

6.4 Compliance Costs of Maintaining Listing

In maintaining its listed status, the Company incurs compliance and associated costs. In the event that the Company is delisted from the SGX-ST, the Company will be able to save on expenses relating to the maintenance of a listed status and focus its resources on its business operations.

7. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premia over the historical traded prices of the Shares:

Description	Share Price (S\$) ⁽¹⁾	Premium over Share Price ⁽²⁾ (%) ⁽³⁾
(a) Last transacted price per Share on 6 August 2015 (being the last Market Day on which the Shares were transacted prior to the Offer Announcement Date)	0.255	96.08
(b) VWAP of the Shares traded on the SGX-ST for the one (1)-month period prior to and including the Last Trading Day	0.262	90.84
(c) VWAP for the three (3)-month period prior to and including the Last Trading Day	0.286	74.83
(d) VWAP for the six (6)-month period prior to and including the Last Trading Day	0.267	87.27

(e)	VWAP for the 12-month period prior to and including the Last Trading Day	0.260	92.31
(f)	Highest closing price for the Shares in three (3) years up to and including the Last Trading Day	0.345	44.93

Notes:

- (1) The figures set out in the table above are based on data extracted from Bloomberg L.P..
- (2) Computed based on the share prices which were rounded to the nearest three (3) decimal places.
- (3) Percentages rounded to the nearest two (2) decimal places.

8. LISTING STATUS AND COMPULSORY ACQUISITION

8.1 Listing Status

Pursuant to Rule 1105 of the listing manual of the SGX-ST (the "**Listing Manual**"), upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

8.2 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held in treasury), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares from Shareholders who have not accepted the Offer at a price equal to the Offer Price.

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total number of issued Shares (excluding any Shares held in treasury), the Shareholders who have not accepted the Offer have a right to require the Offeror to acquire their Shares at the Offer Price. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

8.3 Offeror's Intentions

The Offeror intends to make the Company its wholly owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the total number of issued Shares

(excluding any Shares held in treasury) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

9. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

9.1 As at the Offer Announcement Date, (a) the Offeror and its director; (b) TDAB and its directors, and the TDAB Shareholders; (c) LZIL and its directors, and the LZIL Shareholders; (d) Ms. Zang Xiu Fen; and (e) DBS Bank (collectively, the **"Relevant Persons"**) collectively own, control or have agreed to acquire an aggregate of 156,916,905 Shares, representing approximately 66.77% of the total number of issued Shares.

9.2 Save as disclosed in this Announcement, as at the Offer Announcement Date, none of the Relevant Persons:

(a) owns, controls or has agreed to acquire any:

- (i) Shares;
- (ii) securities which carry voting rights in the Company; or
- (iii) convertible securities, warrants, options or derivatives in respect of such Shares or securities,

(collectively, the **"Company Securities"**);

(b) has received any irrevocable undertaking (other than the Undertakings) from any party to accept or reject the Offer; or

(c) has:

- (i) granted a security interest over any Company Securities to another person, whether through a charge, pledge or otherwise;
- (ii) borrowed from another person any Company Securities (excluding borrowed Company Securities which have been on-lent or sold); or
- (iii) lent any Company Securities to another person.

9.3 In the interest of confidentiality, the Offeror has not made enquiries in respect of certain other parties who are or may be deemed to be acting in concert with it in connection with the Offer. Further enquiries will be made of such persons by the Offeror and the relevant disclosures, if any, will be made in the Offer Document. For the same reason, DBS Bank will be making the necessary enquiries in respect of the members of the DBS Group Holdings Ltd subsequent to this Announcement and the relevant disclosures, if any, will be made in the Offer Document.

10. OVERSEAS SHAREHOLDERS

This Announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Announcement in any jurisdiction in contravention of applicable law. The Offer will be made solely by the Offer Document and the relevant form(s) of acceptance accompanying the Offer

Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

The release, publication or distribution of this Announcement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Announcement is released, published or distributed should inform themselves about and observe such restrictions.

Copies of this Announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a "**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

The ability of Shareholders who are not resident in Singapore to accept the Offer may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in Singapore should inform themselves of, and observe, any applicable requirements.

The Offeror and DBS Bank each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders who are not resident in Singapore by announcement to the SGX-ST or notice and if necessary, by paid advertisement in a newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement, notice or advertisement.

11. CONFIRMATION OF FINANCIAL RESOURCES

DBS Bank, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares on the basis of the Offer Price, excluding the consideration payable for the Shares to be tendered by LZIL in acceptance of the Offer pursuant to the LZIL Irrevocable Undertaking which is subject to the set-off arrangements referred to in paragraph 5.1 above.

12. OFFER DOCUMENT

The Offer Document setting out the terms and conditions of the Offer and enclosing the relevant form(s) of acceptance will be despatched to Shareholders not earlier than 14 days and not later than 21 days from the Offer Announcement Date.

Shareholders of the Company should exercise caution and seek appropriate independent professional advice when dealing in the Shares.

13. RESPONSIBILITY STATEMENT

The sole director of the Offeror has taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement are fair and accurate and that there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the sole director of the Offeror has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

Issued by
DBS BANK LTD.

For and on behalf of
BERKLEY INTERNATIONAL LIMITED
17 August 2015

Any inquiries relating to this Announcement or the Offer should be directed during office hours to:

DBS Bank Ltd.
Strategic Advisory

Tel: (65) 6878 5478

Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "aim", "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Offeror's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Offeror nor DBS Bank undertakes any obligation to update publicly or revise any forward-looking statements.